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ABSTRACT

Consumer Education is a mini-course designed for all seniors in high school. It was developed on the premise that a student needs to evolve his own value system, develop a sound decision-makingprocedure based upon his values, evaluate alternatives in the marketplace and get the best buys for his money, understand his rights and responsibilities as a consumer in our society, and fulfill his role in directing a free enterprise system. A consumer education curriculum guide, teacher's kit, and four inservice ETV programs have been prepared to assist teachers and students in this learning adventure. This teacher's guide presents an overview of the curriculum, stating objectives and procedures; a bibliography of supplementary readings and multimedia kits; pre and post tests for each of the five units; and the units themselves. Unit One: General Principles of Consumer Purchasing. Unit Two: Consumer Credit (Types of credit, when and where to borrow money). Unit Three: General Principles of Fraud, Quackery, and Deception. Unit Four: Consumer Laws and Services. Unit Five: Consumer Rights and Responsibilities. Each unit states generalizations, concepts, objectives, teaching strategies, and includes a bibliography. (JMB)

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TEACHER'S GUIDE

mini-course on CONSUMER EDUCATION

SP005671

OFFICE OF INSTRUCTIONAL SERVICES/Social Studies · Department of Education · State of Hawaii · 1971

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FOREWORD

Consumer Education is a mini-course designed for all seniors in high school. It was developed on the premise that as graduating seniors go out into the larger community as wage earners or continue their education at other institutions of learning, they need to be aware of their role as adult consumers in the community's and nation's economy. They should build on their knowledge and background on how to set priorities, how to budget, and how to manage their money wisely. They should also build on their understanding of buying motivations, sales promotional devices, sound principles of consumer purchasing, credit charges, true annual interest, fraud, quackery, deception, contracts, consumer laws, and consumer services, all of which can affect them personally.

The goal of this course is to help students become aware of and knowledgeable about their role as consumers in today's society. It is hoped that they will be wise consumers armed with critical thinking and healthy skepticism.

A consumer education curriculum guide, teacher's kit, and four in-service ETV programs have been prepared to assist teachers and students in this learning adventure.

The curriculum should be viewed flexibly in terms of how it is presented. Each of the five units in this course has lessons which may vary in length depending on the extent to which they are developed. Some learning activities might involve multiple resources and extend over several days. Teachers and students might also wish to pursue other activities which they see as relevant and interesting.

The in-service ETV series which accompanies this course will present an overview of the curriculum as well as give numerous suggestions and aids to teachers to enable them to teach the course in the most meaningful way possible to their students.

INTRODUCTION

As a way of orienting ourselves to the need for consumer education and its place in the education of the students in our schools, we might reflect on the comments and directions that emanate from national leaders in the field.

THE RESPONSIBLE CONSUMER
(Sidney Margolius)

This has been called "the age of the consumer." Never before have consumer problems and needs received so much attention from community organizations, legislators, educators, and newspapers and other media.

Consumer organizations have grown in number, size, and influence. Government agencies are increasingly active in protecting consumers. High schools and colleges now offer more courses in consumer education. Congress and various state legislatures have enacted, or are considering, laws aimed at redressing a number of long-standing consumer grievances. Some of these new laws are aimed at preventing outright frauds. Others are intended to make it easier to compare values in an age of increasingly complex merchandise, and to avoid the traps of high-pressure advertising and selling.

This new awareness of your rights and needs as a consumer stems from the realizations that how you spend your money is quite as important as how you earn it. How you spend your money affects both your own welfare and that of society in general. Waste of family resources through lack of information or through deception means waste of national resources too.

PRESIDENT NIXON'S COMMITTEE ON CONSUMER INTERESTS

(Virginia Knauer, Special Assistant to the President for Consumer Affairs)

"Consumer Education is an imperative need for every young person in America. With the technological changes, complexity of the marketplace, and the difficulties in evaluating and discriminating among the myriad of goods and services, it has become more important and obvious that our students need to become knowledgeable consumers.

"For our educational instituiions to be totally responsive, they must teach students not only how to exist but how to live. Only through an effective educational process can young men and women hope to cope with a marketing world dominated by complex, sophisticated products. Only through an effective educational process can we arm our citizens with the knowledge necessary to combat those who would cheat and mislead.

"Consumer education then, is an imperative need, but in too many areas that need is not being met.

"Today, we have thousands of courses on elementary algebra, but few effective courses on elementary shopping.

"We teach young men how to design or repair a car, but we don't teach courses in tactics of used car salesmen.

"We teach young women to be good secretaries, but they graduate without knowing the meaning of bait and switch.

"We urge young and old, rich and poor, black and white, to eat balanced meals and to operate on balanced budgets but our educational curriculum designed to reach those ends is too often unbalanced.

"And often we applaud material progress without recognizing at the same time that possessions, by themselves, cannot bring complete happiness.

"Our guidelines are aimed at alleviating these deficiencies.

"If we are able to inform students about relevant quality and cost characteristics, if we are able to teach them about deceptive marketing tactics--then we will not only have a more responsive educational system but a more responsive marketing system as well."

CONSUMER EDUCATION: AN IMPERATIVE NEED*

Consumer Education is an imperative need for every young person in America. The National Association of Secondary School Principals recognized that fact a generation ago, and with every year that has passed, the need has become more pressing as well as more obvious.

Until a few decades ago, the basic requirement was what might be called "producer education." In those earlier times, a young man or woman had to learn to perform a thousand-and-one jobs in the home or on the farm; the central task was producing enough to satisfy basic needs.

Although the tradition lingers and still colors our thinking, a basic shift has taken place. For society as a whole, the production of goods and services in incredible volume is taken for granted, but the role of the individual as a consumer has grown extremely complex. As producer, the individual may have one money-earning job; as consumer, in essence he has many tasks. For example, he must choose among a myriad of goods and services, many of them difficult to evaluate in advance, and he must often cope with the intricacies of contractual obligations.

For this modern American consumer this is a time of great opportunity. Generally speaking, he is the richest in the world with a higher disposable income and a higher average yearly income than could possible have been imagined even twenty-five years ago. Our free enterprise system has provided him with a greater choice in the marketplace than any other consumer, as evidenced by a walk through any supermarket. He can demand and get services that make life more convenient for him: self-service, credit cards, drive-in facilities, and one-stop shopping.

However, it is also a confusing time for the American consumer. He is often lost in the perplexities that have resulted from our progressive economy. Products are more complex and are frequently hard to evaluate or repair. It may be difficult for the consumer to obtain remedies or to resolve a problem which he feels is not justifiably of his own making.

In addition, our population is more mobile. Consumers have less opportunity to know the firm with whom they trade or may be miles away when a question or a problem arises.

*Taken from Suggested Guidelines for Consumer Education, Grades K-12, President's Committee on Consumer Interests

The marketplace is more impersonal today; many consumers feel intimidated by modern marketplace operations. It is not always easy to determine who is responsible for a problem or to know where to go for help. Neither is it always easy to distinguish between honest and reputable practices in the marketplace and those that are unethical and fraudulent. Total consumer losses as a result of fraud and deception are estimated to be in the billions of dollars. For example, the Food and Drug Administration estimates conservatively that about $1 billion is spent annually on worthless or extravagantly misrepresented quack devices, drugs, foods and cosmetics.

Several years ago, a survey by the Arthritis and Rheumatism Foundation disclosed that approximately $300 million is spent annually on such worthless arthritis remedies as alfalfa tea, phony "radiation" treatments, and copper bracelets.

The Council of Better Business Bureaus states that in recent years its biggest single source of complaints involves magazine subscription sales. Fraudulent and deceptive practices in home repairs and improvements are a close second, with appliance repairs following next. Losses in these areas are estimated to be in the billions of dollars.

Estimates of consumer losses through frauds in the sale of new and used cars are less well documented, but it is apparent that they constitute a considerable expense to the public. Consumers also sustain sizable losses from fraudulent solicitations for charities, phony land promotions, home study rackets, and numerous other schemes. Not only are these practices costly in dollars and cents but they often affect the very lives and safety of the people defrauded.

It is, therefore, more important than ever that we train our young people to be knowledgeable consumers. Extensive efforts must be made to incorporate Consumer Education into each student's total school program so that he can function effectively as a consumer.

> The purposes of consumer education are to help each student evolve his own value system, develop a sound decision-making procedure based upon his values, evaluate alternatives in the marketplace and get the best buys for his money, understand his rights and responsibilities as a consumer in our society, and fulfill his role in directing a free enterprise system.

Most educators, above all else, hope to help young people develop their own system of personal values so that they can benefit from the best our civilization can offer. To approach this goal in abstract generalities is to court defeat. To explore it, however, by way of the concrete and immediate matters which form the core of consumer experience is to make it come suddenly alive.

Consumer Education is an effective vehicle for moving easily from the immediate and the "practical" to more thoughtful considerations. Spending patterns are not merely representations of expenditures of dollars; they reflect the possible crystallization of aspirations and plans based upon one's personal value system. Why are those aspirations what they are? How will they be manifested in one's long and short term goals? What cultural and socio-economic factors influence one's value systems?

By looking hard at those everyday problems which concern them deeply, students can come to know themselves and their impluses. They can learn to value their emotions rather than to reject them. They can also learn to guard against their own irrational biases. Such probing is of tremendous assistance to young persons who need to understand and accept their own motivations and emotions.

The Consumer Education teacher can also provide the student with guidance and experience in developing the sound decision-making process which is necessary for intelligent purchasing. This process involves more than just finding the "best brand" of a product. The individual must decide whether he needs or wants that product in the first place, or how much of his resources it is worth. In essence, he should translate his values into dollars and cents decisions. Although this process is a difficult one, the student who develops competence in decision-making will possess a powerful tool for use throughout his life.

To equip the student to take his money into the marketplace and get the best value for it, we must educate him to be an alert and capable shopper whether it be for food, housing, or credit. A student needs to learn how to find and use reliable information, and needs to develop competence in resolving his problems in the marketplace.

Consumer Education can help a student become aware of his rights and responsibilities as a consumer so that he will be able to function effectively in our free enterprise system.

He needs to know his rights so that he can help insure that the free enterprise system serves him in accordance with those rights. He needs to know his responsibilities since consumers have a key role in directing the nation's economy.

To help every young person understand the economic system in which he functions, there is no better way than to take him directly into the marketplace which serves him. The whole process acquires meaning, for his personal interests are at stake. This is not to claim that the entire science of economics can be learned best through a consumer approach, but youngsters who would be repelled by purely scientific abstractions will respond eagerly to practical learning experiences.

Deciding upon the kind of economic life we want everyone to enjoy is a valid consumer concern, and one to which adolescents are particularly responsive. A simple study beginning with the purchasing of everyday commodities such as food or medicine can lead a group directly into a review of existing government services and the larger question of the role of government as well as the social responsibilities of business in our economic lives.

In summary, Consumer Education is vital for all young people because of the competence it can provide in dealing with our modern marketplace. But, all who are concerned with education will recognize that Consumer Education is inherently tied to developing a personal philosophy, finding satisfaction in daily living, and fulfilling a citizenship role in a free enterprise system.

AN OVERVIEW OF THE

CONSUMER EDUCATION CURRICULUM

AN OVERVIEW OF THE CONSUMER EDUCATION CURRICULUM

Key Concepts and Generalizations

I. General Principles of Consumer Purchasing

A. Fear, pride, ignorance, prestige, and need are some of the motivations which stimulate consumers to purchase.

B. Identification and appraisal of sales promotional devices and the role of advertising lead to intelligent purchasing.

C. Comparison shopping, unit pricing, label reading, and package weighing are effective techniques of consumer purchasing.

D. Practical experience in the marketplace leads to better consumer purchasing.

E. A financial plan is essential in the wise management of one's money. Such a plan is personal and individualistic because it accommodates all the goals and objectives that the consumer has set for himself.

F. Budgeting enables the individual to examine his financial condition and determine the course of action and priorities that will achieve the greatest amount of satisfaction for him.

II. Consumer Credit

A. Credit is a valuable tool in the hands of the consumer who is able to control it and use it properly.

B. Credit employed wisely can benefit not only the individual consumer, but the producer and the entire economy as well.

C. Credit used without great care and understanding of the credit charges, annual percentage rate, actual cash payment for the borrowing of future money for today's use, and one's real ability to pay can be the cause of much hardship and family discord.

D. Credit does not increase your personal purchasing power, but really advances your time of consumption at a cost.

E. There are many lending institutions and sources of funds to borrow money from. The consumer must analyze them to determine which one will suit his individual needs and cost him the least.

III. General Principles of Fraud, Quackery, and Deception and Contracts

A. Although the vast majority of salesmen and other business men are honest, there are unscrupulous people with deceptive appeals from which the consumer must protect himself.

B. Because deception is not necessarily illegal or visible, consumers should take time to analyze all proposals, develop sales resistance, have a healthy skepticism, and seek advice and legal help if needed before a transaction is entered into.

C. Contracts should be carefully read and rights and responsibilities understood before signing to prevent the contract from being the vehicle of fraud. The consumer should always have a copy of the contract with all blank spaces filled in.

D. Oral contracts have the same legal binding power as written contracts. However, when there is a written contract covering the transaction, oral promises are not binding, and anything promised to the buyer should be written into the contract before the buyer signs.

E. A contract may be entirely legal and still be discriminatory against the buyer.

F. When a contract is presented to a buyer, it is an "offer". The buyer may wish to make a counter offer. In other words, additions, deletions, or changes may be made upon mutual agreement between the two parties involved, before the contract is signed.

IV. Consumer Laws and Services

A. There are many private and public organizations and agencies that protect and help the consumer through investigation, legal action, making of laws, and dissemination of information.

B. Consumer laws are always changing and are not the same throughout the country.

C. The consumer needs to know and invoke many of these laws in order for them to protect him.

D. The consumer can have influence in the decision-making of government regarding consumer legislation.

V. Consumer Rights and Responsibilities

A. The consumer has the right to make an intelligent choice among products and services, right to accurate information, right to safety, right to register a complaint, right to redress girevances, and right to fairness in the marketplace.

B. The consumer has the responsibility to understand his role as a consumer in our society, to take an active part, to be informed, to make wise consumer decisions, to accept consequences of consumer decisions, to voice complaints and satisfactions, to participate in activities of voluntary consumer organizations, to be fair in the marketplace, and to behave as a good customer.

GENERAL CONSUMER EDUCATION BIBILIOGRAPHY

It is recommended that the following selected bibliography be purchased by the schools for use of teachers and students:

- American Council On Consumer Interests. $6 year membership entitles one to very informative and interesting publications. Consumer Education Forum, Newsletter, and Journal. Edward J. Metzen, Executive Secretary, 238 Stanley Hall, University of Missouri: Columbia, Columbia, Missouri, 65201.

- Consumer Education Bibliography. Comprehensive list of 2000 books, pamphlets and films available in the field of consumer education and interests. President's Committee on consumer interests, Yonkers Public Library. For sale by U.S. Gov't. Printing Office, Superintendent of Documents, Washington, D.C., 20402. 65¢. Highly recommended.

- Consumer Education for High Schools. Curriculum Bulletin 1968-69 Series. No. 16. Bureau of Curriculum Development, Board of Education, City of New York. Publication Sales Office, 110 Livingston St., Brooklyn, New York 11201. $1.50 No. 00--900-40.

- Consumer Education in Lincoln High School. Consumer Education Commission, Lincoln High School, Yonkers, New York, 1965. Available from Consumers Union, 256 Washington Street, Mt. Vernon, New York, 12550. $1.00.

- Consumer Education: Materials for an Elective Course, 1967. The University of the State of New York. The State Education Department Bureau of Secondary Curriculum Development, Albany, New York, 12224. 230 pp. $1.00. Highly recommended. Covers major areas of consumer education, basic units, activities, concepts, sources of information, resources, and bibliography.

- The Consumer and His Dollars. David Schoenfeld and Andres A. Natella, 1970. Oceana Publications, 40 Cedar St., Dobbs Ferry, New York, 10522. 365 pp. $6.00. High school and adult level. Covers role of consumer, government, advertising, budget, buying a car, how and when to borrow, taxes and investments, fraud, deception, and quackery. Highly recommended.

- Consumer Reports. $8 year subscription to monthly magazines. Testing and rating of products. Consumers Union, 256 Washington Street., Mt. Vernon, New York, 12550.

- Family Financial Education for Adults. Lawrence Erickeson and Barbara Simi. Council for Family Financial Education, Twin Towers, Silver Spring, Maryland, 20910. $4. 1969.

- Free and Inexpensive Material. "A highly selective bibliography for teaching consumer education and financial planning." Council for Family Financial Education, Twin Towers, Silver Spring, Maryland, 20910.

- Guidelines for Consumer Education. Office of Superintendent of Public Instruction, State of Illinois. Ray Page, Superintendent, 1968. 302 State Office Building, Springfield, Illinois, 62706.

- Suggested Guidelines for Consumer Education Grade K-12, November, 1970. President's Committee on Consumer Interests. For sale by US Gov't. Printing Office, Superintendent of Documents, Washington, D.C., 20402. 65¢. Covers the need, methods of implementation, instructional program, roles in consumer education, and instructional resources for consumer education.

- Teaching Consumer Education and Financial Planning, 1969. "A manual for school and classroom use." 170 pp., $6. Education discount 20% 20 or more copies. Resource manual covers planning, buying, borrowing, protecting, investing, and sharing. Contains extensive suggestions for teaching techniques as role playing, visuals, student self evaluation, and discussions. Council for Family Financial Education, Twin Towers, Silver Spring, Maryland, 20910.

- Teaching Tools for Consumer Education Monthly Service. From Consumers Union/Consumer Reports, 256 Washington St., Mt. Vernon, New York, 10550.

CONSUMER CLASSICS*

American Chamber of Horrors: The Truth About Food and Drugs. Ruth de Forest Lamb, 1936. New York. Farrar-Rinehart. 418 p. $2.50. Book, adult. Study of impure and adulterated foods, other below-standard goods, and the abuses and frauds perpetrated by the patent medicine manufacturers.

The Backward Art of Spending Money. Wesley Mitchell. 1937. New York. McGraw-Hill. 421 p. $3.00. Book, adult. Essays and addresses on economics and social sciences written over a period of twenty years.

Consumer Cooperation in America: Democracy's Way Out. Bertram B. Fowler. 1936. New York. Vanguard Press. 305 p. $2.00. Book, adult. Readable description of the background and operation of the movement with emphasis on the farmers' organizations.

Consumer Co-Operative Movement in Great Britain. Sidney and Beatrice Webb. 1930. 260 p. Book, adult.

The Consumer Interest: A Study in Consumer Economics. Persia Crawford Campbell. 1949. New York. Harper. 660 p. $2.75. Book, adult. Discusses the effect of World Wars I and II and the Depression on the American standard of living with forcefulness, objectivity, and sound analysis.

The Consumer Movement: What It is and What It Means. Helen Laura Sorenson. 1941. New York. Harper. 245 p. $2.50. Book, adult. Objective, comprehensive history of and guide to the consumer movement.

The Decline and Rise of the Consumer: A Philosophy of Consumer Cooperation. 2nd ed. Horace Meyer Kallen. 1946. New York. Packard & Co. (Now Farrar, Straus). 484 p. $4.00. Book, adult. Complete description of cooperatives in the United States and abroad; social and economic history interpreted in terms of the consumer.

The Economic Effects of Advertising. Neil Hopper Borden. 1942. Richard D. Irwin, Inc., 1818 Ridge Rd., Homewood, Ill. 60430. 988 p. $5.00. Book, adult. This book, published 25 years ago, remains the definitive study of advertising.

*Consumer Education Bibliography, p. 1-4. Prepared for President's Committee on Consumer Interests, Washington, D.C., by the Yonkers Public Library. 1969.

Economics and Ethics: A Study in Social Values. John Atkinson Hobson. 1929. Boston. Heath. 489 p. $4.00. Book, adult. An outstanding authority shows the relationship between crucial ethical concepts and economics.

Economics of the Household: Its Administration and Finance. Benjamin Richard Andrews. 1923. New York. Macmillan. 623 p. $3.25. Book, adult. Comprehensive and scholarly college text presenting numerous surveys of living conditions with suggested budget adjustments.

The Education of the Consumer: A Study in Curriculum Material. Henry Harap. 1924. New York. Macmillan. 360 p. $2.00. Book, adult. The specific aim of the title was to ascertain the objectives of education for American economic life with a special reference to the consumption of food, shelter, fuel and clothing. The consumption habits of the American people and an evaluation of the same in the light of reliable standards of living comprise the major scope of the book.

Guinea Pigs No More. Joseph Brown Mathews. 1936. New York. Covici, Friede (now Crown Pub.). 311 p. $2.00. Book, adult. Presents 75 then current examples of ways in which the consumer was cheated by sellers, advertisers, and manufacturers of foods, drugs, and other articles.

The Jungle. Upton Beall Sinclair. (First published in 1906). 1966. New York. Heritage Press. 334 p. $6.95. Book, adult. "...exposed not only the grossly unsanitary practices in the Chicago meat-packing industry, but also the sweatshop conditions in which its workers toiled. Arousing the public, the book led to the passage of the first Food and Drug Act."--NY Times obit. 11-26-68.

100,000,000 Guinea Pigs: Dangers in Every Day Foods, Drugs, and Cosmetics. Arthur Kallet and Frederick John Schlink. 1933. New York. Vanguard. 312 p. $2.00. Book, adult. An indictment of the government administration of the Pure Food and Drugs Act.

Standards and Labels for Consumers' Goods. Jessie V. Coles. 1949. New York. Ronald Press. 556 p. $5.00. Book, adult. Comprehensive text offering a blueprint for future action. Much useful information on government and private agencies in various fields of consumer goods.

Standardization of Consumers' Goods. Jessie V. Coles. 1932. Ronald Press. Book, adult.

A Theory of Consumption. Hazel Kyrek. 1923. Boston. Houghton Mifflin. $2.50. Book, adult. First prize essay in the Hart, Schaffner & Marx competition. Lucid discussion of the theory of consumption.

The Theory of the Leisure Class. Thorstein Bunde Veblen. 1809. New York. Macmillan. (Modern Library, 1934, 404 p. $2.45.) Book, adult. The classic of economic and social literature.

The Tragedy of Waste. Stuart Chase. 1925. New York. Macmillan. 296 p. $2.50. Book, adult. How determined scientific effort can prevent economic waste in American life.

Your Money's Worth: A Study in the Waste of the Consumer's Dollar. Stuart Chase and Frederick John Schlink. 1927. New York. Macmillan. 285 p. $2.00. Book, adult. Enlightening facts about many aspects of buying and selling and what may be done to protect the buyer.

MULTI-MEDIA CONSUMER EDUCATION KITS

A Resource Kit for Teaching Consumer Education. Changing Times Educational Service, Suite G88 H. St N. W., Washington, D. C. 20006. Five units covering earning, spending, borrowing, saving, and budgeting. 32 page teaching guide. Transparencies, games, role-play situations, posters, and other visuals. $22.50.

Modern Consumer Education. Grolier Educational Corporation, 845 3rd Ave., New York, New York, 10022. 39 lessons, 27 programmed texts, 13 audio cassettes, 2 filmstrips, 180 student record books, answer key cards, wall chart, and instructor's manual. Six units covering Food, Clothing, and Shelter; Cars, Furniture, and Appliances; Protecting Family Health and Security; You and the Law; Ways to Handle Money; and Ways to Shop. Also conducive to student self instruction and individual pace.

Smart Spending. Olcott Forward, Inc., 234 N. Central Avenue, Hartsdale, New York, 10530 with cooperation of Better Business Bureau of Metropolitan New York Recordings, filmstrips, documents, supplemental materials. 10 units: Introduction, Budgeting, Is There a Car in Your Future?, Fashion and Fibers, Buying Appliances, Advertising and Selling Practices, Grocery Shopping, Where to Live, The Intangibles: Services, Consumer Credit. $65.00.

SIMULATION GAME

Consumer. Western Publishing Co., Inc. #3250. Developed by Gerald Zaltiman, Academic Games Association. 11-34 players. 1-1/2 - 2-1/2 hours. Available from Social Studies School Service, 10000 Culver Blvd., Culver City, Calif., 90230. $30.00.

PRE AND POST TEST

PRE AND POST TEST

The first session should find out what the students want to know, need to know, don't know, and what their consumer problems are. To acquire this information, it is suggested that a pre-test be given to all students before beginning Unit I. The teacher may elect to give the tests for all five units together or to give the test for each unit before and after the respective unit. The post-tests should measure what the teacher has successfully taught and what knowledge the students have gained. The teacher may elect to use some, all, or none of the questions contained in the tests. The mini-course is flexible and what material is covered will depend on the individual teachers, students, and the time allowed for this course.

UNIT ONE

1. An effective technique of consumer purchasing is (a) comparison shopping (b) unit pricing (c) both a & b (d) most advertised brands. _____

2. Consumers are motivated to purchase by (a) ignorance (b) fear (c) prestige (d) all of the above. _____

3. Advertising techniques appeal less frequently to (a) conformity (b) emotions and imagination (c) logical reasoning (d) non-conformity & uniqueness. _____

*4. Of the following examples, the best buy would be (a) five 17-oz. cans of corn @ $1.00 (b) one dozen 16-oz. cans of corn at $2.00 (c) one 16-oz. can of corn @ 16¢ (d) a case of twenty-four 16-oz. cans of corn at $4.22. _____

*5. A good food buy is (a) apples in October (b) strawberries in January (c) eggs in December (d) watermelons in February. _____

*6. Which combination of considerations are probably the least valuable in purchasing a cloth winter coat (a) price and color (b) warmth and fit (c) warranty and guarantee (d) construction and fabric. _____

*7. Skim milk is 28¢ a quart. Dry skim milk is 79% for 1 lb., 9.6 oz. from which eight quarts of skim milk can be made by adding water. In buying dry milk the amount of money saved on each quart is approximately (a) 1.8¢ (b) 10¢ (c) 8¢ (d) 18¢. _____

*8. Medium-size eggs weigh 21 oz. a dozen while extra large eggs weigh 27 oz. If medium size eggs cost 53¢ a dozen, then extra large size eggs should cost approximately (a) 81¢ (b) 68¢ (c) 59¢ (d) 71¢. _____

*9. The money management problem of the consumer is the process of solving his (a) unlimited wants with his limited resources (b) his limited wants with his unlimited resources (c) his available resources with his recreational needs (d) a fixed asset liquidation for an unavoidable expense. _____

*10. Values and goals do not (a) differ for each individual and family (b) affect spending habits (c) influence every aspect of living (d) remain the same year after year. _____

*11. The best definition of consumer needs is the desire of goods and services that (a) a consumer wants (b) is demanded for one's level of living (c) is more than one's neighbors have (d) equal the living standard of the USA. _____

*12. The most workable budget is (a) a model budget obtained from a consumer education book (b) one based on the experience of a close friend (c) one developed by an economist for consumer use (d) one developed by an individual for his personal use. _____

*13 A budget will not (a) force you to look ahead (b) help you to live within your income (c) help you to make wise choices (d) increase your income. _____

*14. Impulse buying is (a) an excellent way to get the goods and services you want (b) consulting a consumer product rating magazine (c) quickly buying a good or service with little consideraton to price and quality (d) shopping for a predetermined market list of food. _____

15. Unit price is (a) price per package (b) price per box (c) price per unit of measurement (d) all of the above. _____

*"Teaching Tools for Consumer Ed", Consumer Union/Consumer Reports, Vol. I, No. 9
Consumer Education Achievement Test on Budgeting, Credit & Price Comparison by Gladys Bahr, DePaul University

PRE AND POST TEST

UNIT TWO

1. For what purpose is credit used? (a) to obtain goods (b) to obtain services (c) to obtain money (d) all of the above. _____

2. Which of the following is the undesirable source of credit/funds? (a) bank (b) credit union (c) merchants (d) loan sharks. _____

3. Which method of computing interest costs the least? (a) add-on (b) discount (c) simple (d) all are the same. _____

4. Credit can be dangerous if it is (a) overused (b) misunderstood (c) uses all extra money for payments (d) all of the above. _____

5. Which source of credit/funds cost the least? (a) bank (b) credit union (c) department store (d) finance company. _____

*6. The three C's of credit are (a) collateral, cash and character (b) character, capacity and creativity (c) capital, capacity and collateral (d) character, capacity and capital. _____

*7. When a man who has been careless in paying his bills moves to another state, he will find that (a) his bad credit reputation will follow him by means of a credit bureau (b) he must keep secret the names of his creditors in his former city (c) the ICC does not allow credit information to pass from one state to another (d) his former bank will advise all new creditors of his poor financial record. _____

*8. If your bank sends you an unsolicited credit card you should probably (a) use it at several stores when shopping (b) cut it up in small pieces (c) carry it in your billfold (d) use it when purchasing a household article on the installment plan. _____

*"Teaching Tools for Consumer Ed", Consumers Union/Consumer Reports, Vol. I, No. 9
Consumer Education Achievement Test on Budget, Credit and Price Comparison by Gladys Bahr, de Paul University

*9. Revolving credit plans charge a rate of interest on the unpaid balance. Generally the yearly rate is (a) 6% (b) 12% (c) 18% (d) 1 1/2 %. _____

*10. The lending agency most willing to assume risky loans is a (a) credit union (b) savings and loan association (c) consumer finance company (d) all-purpose bank. _____

*11. A member borrows $300 from his credit union agreeing to repay it in six equal monthly payments plus interest at 1% a month on the unpaid balance. His total interest cost for the six months is (a) $10.50 (b) $18 (c) $318 (d) $105. _____

*12. If you borrow $600 using the discount method at 7% annual rate, the proceeds would be (a) $642 (b) $558 (c) $579 (d) $595.80. _____

*13. A down payment on an installment purchase is the (a) amount of the unpaid balance (b) amount a customer pays for using credit (c) amount paid on the article at the time of the purchase (d) original cost of the article. _____

*14. A used car may be purchased for $1,150 cash or on the installment plan by paying $115 down and $63. a month for 20 months. The amount of the installment price is (a) $1,260 (b) $1,375 (c) $115 (d) $1,150. _____

*15. A coat was purchased on the installment plan for $5 down and $10 a month for six months. The cash price was $59. The dollar-cost of buying on the installment plan was (a) $24. (b) $6. (c) $60. (d) $65. _____

PRE AND POST TEST

UNIT THREE

1. The quoting of a very low price for a product with the intention of switching the consumer to a much higher priced article is (a) bait and switch (b) referral selling (c) bushing (d) chain referral. _____

2. A technique whereby a salesman offers to pay a person or reduce the price of a product for the name of each perspective buyer given to him is (a) bait and switch (b) bushing (c) chain referral (d) referral selling. _____

3. A quack is a person who (a) sells medicines, food, or false devices claiming that they promote health or cure diseases (b) uses all sorts of sales gimmicks (c) buys ducks from a cheap source and sells them at high prices and interest charges (d) none of the above. _____

4. Because deception is not necessarily illegal or visible, consumers should (a) take time to analyze all proposals (b) develop sales resistance (c) have healthy skepticism (d) all the above. _____

5. By knowing the most common types of frauds, quackeries, and deceptions that exist, it will enable an individual to (a) be a profitable salesman by utilizing these tricks (b) develop sales resistance, healthy skepticism, and critical thinking (c) take one's time to evaluate products (d) both b & c. _____

6. All of the following are typical sales pitches except (a) "special, discount price" (b) "you're the lucky winner" (c) " a wonderful mother like you owes it to your family" (d) "take your time to think rationally if you need this product and if your budget can afford it." _____

7. One should be suspicious of stores that (a) always offer closing out sales (b) always offer money-back guarantees (c) always have after Christmas and end of summer sales (d) never have sales. _____

8. Official inspectors (a) should be welcomed at once into the house (b) should be checked first to prevent imposter salesmen from entering the house (c) are always legitimate (d) all of the above. _____

9. The first line of defense against frauds, quackeries, and deceptions is manned by (a) government agencies (b) intelligent and responsible consumer (c) laws (d) private consumer agencies and organizations. _____

10. Before signing a contract one should always (a) read and understand it entirely (b) simply sign one's name on the right line (c) consult a lawyer (d) all of the above. _____

11. In a written contractual agreement one should (a) have a copy of the original contract (b) make sure all blank spaces are filled in (c) read before signing (d) all of the above. _____

12. In Hawaii a contract signed away from a place of business is unenforceable if (a) the buyer does not have a copy (b) it does not have a cancellation notice (c) the buyer cann not afford it (d) all of the above. _____

13. It is unlawful in Hawaii to sell by (a) free gift telephone (b) bait and switch (c) referral sales (d) all three. _____

14. The legal age of majority in Hawaii is (a) 16 years (b) 18 years (c) 20 years (d) 21 years. _____

15. If a person receives unsolicited merchandies in the mail (a) he should return it to the sender right away (b) he may keep the merchandise without obligation to the sender (c) the sender has the legal right to collect money from him (d) he is obligated to pay for the merchandise if not returned in 30 days. _____

PRE AND POST TEST

UNIT FOUR

1. Consumer protection laws are (a) the same throughout the country (b) are not the same in every state (c) are the same on federal and state level (d) are the same on state and county level. _____

2. Consumer protection laws (a) always protect the consumer without his knowledge (b) need to be known and invoked by the consumer in order for them to protect him (c) only apply to cases of frauds brought before the court (d) all of the above. _____

3. Sometimes a business firm will try to get you to buy something by telephoning your home and offering you a free gift if you come to their store. This sales techniques is (a) a fair and reputable way to do business (b) unlawful in Hawaii and should be reported to the Office of Consumer Protection (d) tricky, but legal (d) none of the above. _____

4. The state agency under the Governor's Office which protects consumers in Hawaii is (a) Better Business Bureau (b) Office of Consumer Protection (c) Legal Aid Society (d) Consumers Union. _____

5. The law pertaining to the following subject needs to be known and invoked within a certain time limit to protect the consumer (a) free gift telephone offer (b) cancellation clause (c) unsolicited goods (d) unfair or deceptive business practices. _____

6. The Office of Consumer Protection services are (a) free (b) charged according to ability to pay (c) charged according to income (d) b and c. _____

7. According to Hawaii law, when you sign a contract to buy something on the installment plan in your own home from a door to door salesman, you may (a) cancel the contract by phoning the company the next day (b) cancel the contract by sending a certified letter of cancellation to the company within 3 days (c) not cancel the contract once you have signed it (d)none of the above. _____

8. An organization set up by private businessmen to hear complaints and improve business practices is (a) Office of Consumer Protection (b) Consumers Union (c) Better Business Bureau (d) PUblic Affairs Committee. _____

9. The federal agency (s) that deal (s) with consumer protection is (are) (a) Federal Trade Commission (b) Office of Consumer Protection (c) President's Committee on Consumer Interests (d) both a and c. _____

10. The Federal Truth in Lending Act (a) sets the amount of interest which may be charged on credit sales (b) gives the borrower full discolsure so that he may shop for credit costs (c) a and b (d) none of the above. _____

PRE AND POST TEST

UNIT FIVE

1. The consumer has the right to (a) accurate information (b) fairness in the marketplace (c) make an intelligent choice among products and services (d) all of the above. _____

2. A good consumer behavior is (a) buying a sweater, wearing it for a day, and returning it for a refund the next day (b) buying a shirt on sale at a store and getting a full refund at another store that carries the same shirt (c) not abusing refund and exchange privileges (d) buying and overextending on credit. _____

3. The consumer's role in society (a) is limited by a laissez-faire business policy (b) has no effect upon businessmean (c) is limited to writing letters of complaints (d) can be very broad and effective. _____

4. If the consumer is allowed his rights to be fully informed, this will (a) defeat the free enterprise system (b) strengthen the free enterprise system (c) a and b (d) none of the above. _____

5. The consumer can inform himself by (a) reading consumer orientated magazines (b) reading and comparing newspaper ads (c) participating in consumer organizations (d) all of the above. _____

6. Consumers can help prevent fraud, quackery, and deception by (a) reporting fraudulent businessmen to the Office of Consumer Protection (b) buying from fly by night salesmen who offer special prices (c) buying from stores that continuously offer closing out fire sales (d) all of the above. _____

7. Consumers can contribute to a better free enterprise system by (a) abusing refund and exchange privileges (b) handling store products with care (c) overextending credit (d) not reporting fraudulent businessmen. _____

8. There is a need for consumer education because (a) there are a myriad of products andservices available in the marketplace (b) there are many fraudulent businessmen (c) a and b (d) none of the above. _____

9. The consumer can protect his rights by (a) knowing what consumer protection laws exist and invoking them (b) not squealing on businessmen with poor business practices (c) a and b (d) none of the above. _____

10. The consumer should rely on the following to protect him in the marketplace (a) large business corporations (b) his own alertness and information (c) consumer protection laws (d) b and c. _____

ANSWER KEY

UNIT ONE	UNIT TWO	UNIT THREE	UNIT FOUR	UNIT FIVE
1. C	1. D	1. A	1. B	1. D
2. D	2. D	2. D	2. B	2. C
3. C	3. C	3. A	3. B	3. D
4. C	4. D	4. D	4. B	4. B
5. A	5. B	5. D	5. B	5. D
6. C	6. D	6. D	6. A	6. A
7. D	7. A	7. A	7. B	7. B
8. B	8. B	8. B	8. C	8. C
9. A	9. C	9. B	9. D	9. A
10. D	10. C	10. A	10. B	10. D
11. B	11. A	11. D		
12. D	12. B	12. B		
13. D	13. C	13. D		
14. C	14. B	14. C		
15. C	15. B	15. B		

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UNIT ONE: GENERAL PRINCIPLES OF CONSUMER PURCHASING

INTRODUCTION

Although there is no specific order or sequential development in this curriculum, it is suggested that the units be studied in the respective order presented. Unit One gives the general background for the other units. On the other hand, the teacher might find it more effective to begin with Unit Three: Fraud, Quackery, and Deception and Contracts, in order to gain the students' interests by hitting directly at the problems that consumers face and then explore the motivations which stimulate people to buy, the good shopping techniques with which the consumer can arm himself, the wise use of credit, laws and agencies which protect the consumer, and consumer rights and responsibilities. Thus this Guide would be used at the teacher's discretion.

Unit One covers the general principles of consumer purchasing. The underlying psychological and social motivations which push the consumer to buy are explored. Through the study of advertisements, the student can become aware of the role of advertising and the sales techniques used. With over 8000 items in the average supermarket and 1500 items introduced every year, the consumer should be armed with knowledge and shopping guidelines on how to best spend his money and pick the best product suitable to his needs. Basic to wise spending and consumption is a financial plan. Budgeting and money management are briefly touched upon. The pros and cons of financial planning versus crises buying are examined. The teacher should be cautioned against spending too much time on Lesson 3. The subject matter may be more thoroughly covered in another course. It is important that the student understand the need for and importance of a budget.

UNIT ONE: LESSON 1: MOTIVATIONS OF CONSUMER PURCHASING

What motivates people to buy? Why do people want to keep up with the Jones? How do ads attract attention and stimulate people to buy? What or who influences people's purchasing decisions? Do people buy only what they need?

GENERALIZATIONS:

1. Fear, Pride, Ignorance, Prestige, and Need are some of the psychological and social motivations which stimulate consumers to purchase.

2. Identification and appraisal of sales promotional devices and techniques lead to intelligent purchasing.

3. An understanding of the role of and make-up of advertising will result in logical and rational consumer behavior.

CONCEPTS:

Motivations:

Pressures and desires which causes a person to act.

Sales Promotional Devices & Techniques:

Gimmicks and persuasions which hopeto increase purchases of an item.

Advertising:

Action of calling something to the attention of the public, especially by paid announcements (Webster's 7th Collegiate Dictionary).

OBJECTIVES:

1. The student will recognize and identify a range of motivations, needs, and buying considerations which face the consumer everyday of his life.

2. The student will understand what psychological and social pressures motivates him to buy and will thus be able to deal rationally with these pressures and emotions.

3. The student will learn not to believe everything he sees or hears advertised and will compare and check on the validity of such advertisements.

SUGGESTED TEACHING STRATEGIES

1. Ask students what motivates them to buy. Is it of necessity? Is it a fad? Why did they buy it? Ask students what kinds of things they buy. How long do they last? How useful was the item?

2. Have students analyze purchasing motivations of people of different age groups. What motivates a teenager? What motivates a young adult? What motivates their parents to buy? What motivates their relatives and grandparents? What motivates people of different social standing? Of different ethnic groups. Examples of the different ethnic groups in Hawaii may be used as basis for analysis. Do the poorer people have more of a social pressure to buy things that are of conspicuous consumption?

3. Ask students to evaluate ads that they have cut out and put on display. What do the ads say? What kinds of sales promotional techniques are used? How do they attract attention? Do they motivate? In what way? Analyze radio and television ads that the students bring up in class discussion. A suggested homework assignment may be for students to find and cut out ads they find in magazines and newspapers or write down ads that they hear on the radio or see and hear on the TV. This activity can be followed by a written assignment or class discussion to analyze the ads.

4. Role Playing: Have students act out ads that they see and hear on TV. Have the class analyze the effectiveness of the ad. Who does the ad appeal to? What sort of person? How often do ads appear on TV? How long do they last? Is the timing and placement crucial?

5. Some questions to pursue: What will be the effect of the discontinuance of cigarette ads on TV? Why are TV studios and filmmakers worried? What effect does advertising have on the community and economy? How much is spent on advertising yearly?

UNIT ONE: LESSON 2: PURCHASING TECHNIQUES

What should you consider before you buy anything? Will it satisfy your needs and meet your standards? What does a warranty and a guarantee mean? Is the giant or super-economy size a better buy? Does it pay to shop around? When is the appropriate time to buy an item?

GENERALIZATIONS:

1. Comparison shopping, understanding of packaging, and unit pricing are effective techniques of consumer purchasing.

2. Practical experience in the market place leads to better consumer purchasing.

3. There are many publications available which help the consumer to evaluate the myriad of products in the marketplace.

CONCEPTS:

Comparison Shopping:

Comparing price and quality of an item at more than one store or dealer.

Packaging:

Container in which a commodity is wrapped, the size of which does not need to conform to the weight or volume of contents.

Unit Price:

Price per unit of measurement, price per ounce, price per pound.

OBJECTIVES:

1. When presented with a situation of purchasing food, clothing, or other commodities, the student will be able to apply sound principles of consumer purchasing.

2. The student will be able to see why he must develop some sales resistance, healthy skepticism, and critical thinking regarding product claims.

3. The student will be able to compute unit price and packaging and know their significance.

4. The student will be able to do effective comparison shop.

SUGGESTED TEACHING STRATEGIES:

1. Have varying size boxes of products on display and have students figure out which size is the most economical to buy. This will depend on family size and need. Which size has the lowest unit price? Which size is most appealing? Students may be asked to bring in examples for this project.

2. Have different brands of the same product on display in the classroom. Have students vote on which one they would buy. Analyze the results. Which brand got the most votes? Which brand got the least votes? Why? What are the reasons students give for their choices? Did the design of the package appeal to them. Did advertisements they have read, heard, or seen have an effect on their choice? What importance did their mother or family choice have in their choice? This same project may be done with the variable of price added in. Do consumers always buy the cheapest weight brand? What other considerations play a role in their decision-making and what weight do they have? Students may be asked to bring in examples for this project.

3. Have students go to various stores and check on prices of certain items. The teams can come back to class and compare their findings. Do their findings correspond with the findings that the Lt. Governor's Office published on supermarket prices? Does it pay to drive a longer distance to the lower priced store than shop at the nearby neighborhood store?

4. Have students check on advertisements they see in newspapers or hear on the radio or TV. Check on those that look suspect: closing out sale, lost our lease, once in a liftime chance, etc. Are fraudulent practices found?

5. Using the Comparison Shopper contained in the Teacher's Kit, have students figure out unit prices for various selected products. What significance does this type of activity have?

6. Have students discuss good purchasing techniques. They may want to act out poor and good shopping techniques.

UNIT ONE: LESSON 3: FINANCIAL PLANNING AND SETTING OF PRIORITIES

How do I go about setting up a budget? Is it really necessary to have one? What are my priorities and goals in life? With old age, unemployment, disability, and health insurance, is it necessary to save for a rainy day? I can afford to buy things I want today, but what if I am disabled and can't get enough to satisfy my wants in the future?

GENERALIZATIONS:

1. A financial plan is essential in the wise management of one's money. Such a plan is personal and individualistic because it accommodates all the goals and objectives that the consumer has set for himself.

2. Budgeting enables the individual to examine his financial condition and determine the course of action and priorities that will achieve the greatest amount of satisfaction for him.

3. Financial planning eliminates expensive and unwise crises buying.

CONCEPTS:

Budget or Financial Plan:

A plan covering a definite timeperiod for the coordination of monetary income and expenses.

Setting Priorities:

Ranking one's choices in order of most desirable and necessary.

"What If":

A precautionary measuring of one's ability to pay in terms of alternatives and of possible future emergencies or unforeseen expenses.

Crises Buying:

Buying out of necessity, unexpectedly without former preparation, oftentimes being caught short of cash and having to pay high interest.

OBJECTIVES:

1. The student will understand the need for and use of a budget and prepare one for his spendable income.

2. The student will evaluate his priorities and how he can go about achieving them.

3. The student will understand that savings will give him financial freedom to be free from fear of debt, to have cash to invest, and to be free to buy the things he wants.

SUGGESTED TEACHING STRATEGIES:

1. Show 16 mm color movie entitled "Consumer Education-Budgeting", 4944, J-H A, 12 minutes, available from DOE, Audio-Visual Center. This movie shows two sisters setting up their own apartment, going on spending sprees, and over extending their credit, the movie points out the importance of individual budgets and sound budget planning. Even though one can make a purchase, it does not mean that one can afford it. Class discussion following this movie can bring up many of the important points illustrated.

2. Assignment: Have students set up their own personal budget for a year. Have students keep a record of their actual spending for a period of time. Where does their money come from and how is it spent? In what areas are they spending the most money? What are their priorities? How much do they save? Refer to " How To Save Money" in Teaching Kit.

3. Assignment: Have students set up budgets for a teenager, young adult, a middle-aged person, and a senior citizen. What are the different considerations that must be taken into account in each case? What are the needs of each group?

4. Class Discussion: Is it necessary to have a budget? What good does it serve? How does it eliminate unwise crises buying? What is the "What if" concept?

Note: The teacher should be cautioned against spending too much time on this lesson which can be better covered in other courses. Assignments 2 & 3 are enrichment assignments which the teacher may wish to come back to after all the other units are covered.

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UNIT TWO: CONSUMER CREDIT

INTRODUCTION

This unit covers some basic and important concepts of consumer credit. The lessons are devoted to the development and understanding of concepts such as consumer credit, cost of credit, true annual interest, revolving credit, down payments, monthly payments, installments, and truth in lending. The "when" and "how" of using credit are presented. The distinctions between borrowing from various institutions are explored.

UNIT TWO: LESSON 1: DEFINITION AND TYPES OF CREDIT

What is consumer credit? Do credit cards and revolving credit give one unlimited purchasing power? How important is a credit rating? Who checks up on one's credit? Are low down payments and low monthly payments the best way to purchase things? What are the pros and cons of using credit?

GENERALIZATIONS:

1. Credit is a valuable tool in the hands of the consumer who is able to control it and use it properly.

2. Credit employed wisely can benefit not only the individual consumer, but the producer and the entire economy as well.

3. Credit used without great care and understanding of the credit charges, annual percentage rate, and actual cash payments for the borrowing of future money for today's use can be the cause of much hardship and family discord.

4. Credit does not increase your personal purchasing power, but really advances your time of consumption at a cost; it allows you to use the product before or while paying for it.

CONCEPTS:

Cash Sales:

Obtaining goods or services with a cash payment.

Credit Sales:

Obtaining goods or services for immediate use with a promise to pay at a future date.

Consumer Credit:

Borrowing of future money for today's use or consumption; deferment of payment.

Cost of Credit:

The cost of borrowing money which includes interest charges, service charges, carrying charges, insurance charges, and investigation charges.

Interest:

The finance charge imposed by the creditor-seller on the borrower-buyer for the use of credit.

Methods of Computing Interest:

Add-on, discount, and simple interest.

Annual Percentage Rate:

The yearly interest expressed in percentage form.

Revolving Credit:

A method of credit financing whereby one is allowed to buy goods up to a certain amount of credit. As repayment is made, the difference between the maximum amount allowed and the amount owed is made available for additional credit.

Down Payment:

A portion of the total amount which must initially be paid in cash.

Installment Payments:

The contract should designate the number and amount of payments at regular intervals.

Truth in Lending Act:

The purpose is to assure that the consumer is given meaningful information regarding the cost of credit (dollar amount of finance charge, annual percentage rate) and other relevant credit information so that he can readily compare the various credit terms available from different sources and avoid the uninformed use of credit.

OBJECTIVES:

1. The student will understand what consumer credit is and know when and how to use it wisely.

2. The student will be aware of the problems that can arise from unwise use of credit, and thus learn to be cautious.

3. The student will understand cost of credit, credit charges, and the concept of annual percentage rate.

4. The student will be able to evaluate the use of credit in light of his financial situation and needs.

SUGGESTED TEACHING STRATEGIES:

1. The DOE, Audio-Visual Center, has three excellent 16MM films on Consumer Education. It is highly recommended that the film entitled, "Consumer Education Retail Credit Buying" 4946, 11 minutes, J-H A, 1968, be shown to help in the teaching of this Lesson on the Definition and Types of Credit. It points out that a charge card can become a major spending hazard by showing two sisters who graduated from high school learn this the hard way. The film illustrates the right way to compute credit charges, the money paid in interest charges, and all the various facets of buying on credit. The film is a good teaching tool and is colorfully and attractively done to capture the interest of students. This would be a good introduction to teaching students how to compute interest charges. It also warns them of the dangers of the unwise use of credit. Mathematical problems in figuring out annual percentage rate and interest charges can follow. The class will want to discuss the many points brought across in the film. What does the film have to say about credit? What problems can the foolish use of credit lead to? How much does credit cost? Can one afford to use credit for everything?

2. Have students trace the historical development of the use of credit in the United States. Why was consumer credit an outcome of the post World War II period? How have people's attitude towards debt changed? How has the use of credit increased? What are the effects (good and bad) increased consumer credit on our society and economy? Is credit necessary? How has credit helped the U.S. to achieve one of the highest standards of living in the world.

3. Research: What laws have been made in response to the growth in the use of consumer credit? What basic and necessary information must be clearly written on the contract or credit terms regarding the rate of interest? Why is it necessary to know the annual percentage rate? How does the Federal government limit the rates of interest?

4. Ask students to find out what some of the most used credit cards are in Hawaii and nationally. How easy is it to obtain a credit card? What are the credit terms of each? What credit cards do students and their parents have? What kinds of goods and services do they use their cards for?

5. Ask students why is it important that they establish a good credit standing and how a young adult would go about doing so? What happens when you abuse your credit and receive a bad credit rating?

6. Give students mathematical problems in figuring out annual percentage rate and interest charges (dollar cost of credit).

Exercise One: Federal Reserve System of Converting Charges to annual percentage rate.

$$I = \frac{2MD}{P(N+1)}$$

I = Interest Rate
M = Number of payments for one year
D = Total Charges in Dollars, Finance Charges (Total Payments X Monthly Payments $) - (Total Credit Obligation)
P = Total Credit Obligation
N = Total Number of payments

Exercise Two: Dollar Cost of Credit

Multiply Monthly Payments times Number of montly payments
- Substract Amount Financed (Cash Price - Down Payment)
Dollar Cost of Credit
+ Add Cash Price
Total Cost of Credit

Example: You are buying a stereo set for $500. The dealer says he will give it to you on easy credit terms of $50 down, two years to pay, and $25 per month. What is your annual percentage rate? What is your dollar cost of credit?

$I = \frac{2X12x150}{450(24+1)}$ (D=(24x$25)-($450)= $150

I=32%

Dollar Cost of Credit

24x$25 =$600
- ($500-$50=$450)
$150
+ $500
$650

Example: You shop around at another store and another dealer offers you the same stereo set for $500, $50 down, two years to pay, and $20 per month. What is your annual percentage rate? What is your dollar cost of credit?

$I = \frac{2x12x30}{450\ (24+1)}$ D=(24x$20)-($450)=$30

I=6.4%

Dollar Cost of Credit

24x$20 =$480
- ($500-$50=$450)
$ 30
= $500
$530

Example: Have students try out various combinations of down payments, length of loan, interest rate, monthly payments, number of monthly payments, financing from the department store, bank, finance company, credit union, etc.

7. Methods of computing interest: Cash financing:

Add-on: interest is added to the amount and payments, including interest, are made on the larger amount.

$100 loan
x6% interest
$ 6 dollar finance charge

$100 receive $100
+$6
$106 pay back $106

Discount: interest is subtracted from the loan first and you are charged the face amount of the loan.

$100 loan
x6% interest
$ 6 dollar finance charge

$100
-$6 receive $94
$ 94 pay back $100

Simple interest: interest is charged on the unpaid balance of the loan.

$100 loan
x6% interest
$ 6 dollar finance charge

$100 receive $100
+$6 pay back $106
$106

$ 94 loan
x6% interest
$5.64 dollar finance charge

$ 94. receive $94
5.64 pay back $99.64
$ 99.64

UNIT TWO: LESSON 2: WHERE AND WHEN TO BORROW MONEY

When should one borrow money? Why should one borrow money? Whom should one borrow money from? Why is it necessary to establish goodwill and reputation before borrowing? Should one take the time and trouble to investigate sources of funds available? How much does it cost to borrow money?

GENERALIZATIONS:

1. Where and when to borrow money is dependent on the individual's needs and financial situation.

2. Careful investigation of lending institutions and sources is a basic necessity before borrowing money.

3. One should understand the terms of the borrowing, the annual interest rate, the cost of borrowing, payment times, principle, and down payment.

CONCEPTS:

Credit Union:

A voluntary self-help association of people who lend money to fellow members, usually at very low interest notes of 1/4 to 3/4 of 1% per month.

Bank:

An establishement for the custody, loan, exchange, or issue of money for the extension of credit and for facilitating the transmission of funds (Webster's 7th Collegiate Dictionary). Three types of banks are commerical, savings and savings and loan. Commerical banks are the largest single source of consumer loans.

Finance Company:

A financial institution which specializes in financial installment contracts arranged by auto and other dealers. (Public Affairs Pamphlet #348).

Small Loan Company:

A financial institution specializing in lending small amounts of money, usually charging high rates of interest because it assumes larger risks and lends small amounts of money.

Department Store Credit:

Each store usually has their own forms of credit and credit cards, usually revoling credit. A usual charge of 1 1/2% per month (18% per year) is made on the outstanding balance.

Life Insurance Companies:

Some companies allow policyholders to borrow cash on the loan value of their policies. A special feature is that the loan need not be repaid as long as the policy is in force, only the interest needs to be paid. The policy is reduced by the amount of the loan.

Loan Shark:

A person who charges a very high, illegal rate of interest.

OBJECTIVES:

1. The student will be able to evaluate the use of borrowing in light of the financial situation and needs.

2. The student will be able to differentiate between borrowing from various lending institutions: credit union, bank, finance company, small loan company, department store, and mail order house.

3. The student will learn to be cautious of, avoid, and report loan sharks.

4. The student will learn to deal with reputable business and businessmen.

SUGGESTED TEACHING STRATEGIES:

1. It is highly recommended that the DOE, Audio-Visual Center, film on "Consumer Education-Installment Buying", 4945, 13 minutes, J-H A, 1968, be used as a teaching tool for this lesson on Where and When to Borrow. This film dramatizes the benefits and dangers of purchasing commodities on an installment plan. The film depicts two high school graduates (sisters) involved in the purchase of a car. The film explores each facet of installment buying, including down payments, interest charges, maximum loan limits and other important factors. The two teenage girls are shown visiting various financial institutions discovering the advantages and disadvantages of borrowing from each institution. The film is stopped at this point and the students are asked what they would do. Which institution would they borrow from? After the class discussion, the film is resumed.

2. Assignment: Ask students to explore the possibilities for them to borrow money. What institutions and sources of funds are available for one to borrow money from? Ask them to find out the cost of borrowing from a bank, credit union, finance company, and department store. Give advantages of each. What qualifications must the borrower have for each?

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Money Management Library. $3 set.

Your Guide to Teaching Money Management. 25¢ Money Management Institute, Household Finance Corp., Prudential Plaza, Chicago, Illinois. 60601.

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Consumer Education-Budgeting
4944 12 mins. JH A
Pictures two sisters setting up their own apartment, going on spending sprees and overextending their credit. Demonstrates the importance of individual budgets and a sound budget planning.

Consumer Education-Installment Buying
4945 13 min. JH A
Dramatizes the benefits and dangers of purchasing commodities on an installment plan. Observes two sisters involved in the purchase of car. Explores each facet of installment buying, including down payments, interest charges, maximum loan limits and other important factors.

Consumer Education-Retail Credit Buying
4946 11 mins. JH A
Points out that a charge plate can become a major spending hazard by showing two sisters who learn this the hard way. Father shows them the right way to compute credit charges, the money paid in interest charges and all the various facets of buying on credit. 1968.

UNIT THREE: GENERAL PRINCIPLES OF FRAUD, QUACKERY, DECEPTION AND CONTRACTS

INTRODUCTION

This unit covers the common types of fraud, quackery, and deception that are prevalent in the marketplace today. It delves into the techniques that salesmen use to entice consumers into buying things they don't need or can't afford at high prices and high loan terms. Since the consumer is frequently exposed to or confronted by fraudulent businesses and businessmen, it is hoped that this unit will help to develop sales resistance, healthy skepticism, and critical thinking. This unit perhaps most vividly demonstrates the need for consumer education and protection.

UNIT THREE: LESSON 1: MOST COMMON TYPES OF FRAUDS, QUACKERY, AND DECEPTION

Does the law protect consumers from dishonest practices? What's wrong with accepting free gifts? How are people frequently deceived? What kinds of problems can ensue from dealing with fraudulent businessmen? What are the common types of fraud, quackery, and deception that consumers must be aware of?

GENERALIZATIONS:

1. Although there will always be new approaches to fraud, some of the basic fraudulent approaches can be learned so that the buyer can spot these when they are used on him.

2. If the buyer recognizes that he was a victim of an illegal, fraudulent technique and reports it to the State Office of Consumer Protection, it may be determined that the contract is unenforceable and therefore is no longer binding upon the buyer.

CONCEPTS:

Quacks:

People who sell "medicines", food products, or false devices that promote health or purport to cure diseases.

Bait and Switch:

The quoting of a very low price for a product with the intention of switching the consumer to a much higher priced article.

Lo-balling:

A low priced "bait" offer, or estimate for repairs on cars, T.V.'s, appliances etc... where the price is "lo-balled" (raised) by excessive charges or unnecessary work done, or claimed to have been done. The price often goes up and up, according to what the repair shop feels the "traffic will bear".

Bushing:

Making a fictitious and insincere high offer to lure a prospective buyer into the showroom.

Referral Selling:

Technique whereby a salesman offers payment for each person who buys the product from a list that is furnished him by the original source person. The product is usually over-priced and is accompanied by a high interest installment contract.

Free Gift Offers:

There are no such things. Gifts, prizes, stamps, premiums, etc. must be paid for; the customer pays.

Chain Referral Letters:

Illegal under Postal Regulations, common cause of mail fraud.

OBJECTIVES:

1. The student will be able to identify fraud, quackery, and deception in advertising claims and information on labels.

2. The student will see why he must develop some sales resistance, healthy skepticism, and critical thinking regarding product claims and salesmen.

3. The student will learn to take his time, evaluate the product, and compare prices and quality before buying.

4. The student will learn to deal with reputable businessmen and firms who do not resort to fraudulent tactics.

SUGGESTED TEACHING STRATEGIES:

1. Show movie, "Owl", an animated cartoon of poor income families who are the victims of fraud, quackery and deception due to their living conditions and ignorance of wise consumer practices and how they are helped to solve their problems. This movie illustrates the most common types of fraud and deception and why the poor pay more. This movie is available from the DOE Audio-Visual Center.

2. Have students investigate health, body, and beauty product claims and testimonials. Are they valid? Do they actually cure illnesses? Are they approved by the Food & Drug Administration and State and local health authorities? Who are the people that give these testimonials?

3. Have students make a collection of advertisements of products that are of questionable value. Have them check out those claims. Is the store really going out of business? Does the salesman try to bait and switch consumers? Is the discount or the "once in a life time" offer really what they claim to be?

4. Have students listen to and read ads on the radio, TV, magazines, and newspapers. How do they differ? What information about the product is given? How do they attract attention and stimulate people to buy? What sales techniques are used?

5. Have students investigate the cost of trading stamps. Do stores that give stamps have higher prices than those that don't? What kinds of products are offered for redemption? How many dollars worth of purchases and stamps must one have before obtaining a $5.00 gift redemption? Who pays for the cost of trading stamps? Would consumers rather shop at stores that offer stamps?

6. Have students check out ads for correspondence schools. What is the cost of the course? Is the school accredited? What kinds of courses are offered? What is the quality of the courses? How long has the school been in existence? Who are the people in charge of the school?

7. Have students learn how to prepare a constructive complaint and document facts. Who do they go to to lodge their complaints and get advice?

8. Role Playing: Have students dramatize scenes involving door to door salesmen, free gift offers over the telephone, bait and switch in the store, referral selling, sales pitches, and motivational pressures that salesman use. Refer to materials in Teaching Kit.

9. Have students analyze what type of person is most likely to be the victim of fraud, quackery, and deception. What is his background, age, race, education, and living environment? What type of person in Hawaii would be an easy prey?

10. Hand out copies of the State of Hawaii Office of Consumer Protection "Comic Book". For an independent project, some artistic and imaginative students might like to make their own comic books illustrating some of the frauds, quackeries, and deceptions they have learned about. Some students might like to illustrate from a positive point of view and show what preventive measures can be taken.

11. An important teaching technique for this unit is the use of case studies which bring realism into the classroom. "Stop, look, and investigate" in the Teaching Kit contains many interesting and useful cases. Spender Syndrome, cases of 68 families may also be used. Have students share their experiences and those of friends who have been victims.

UNIT THREE: LESSON 2: SALESMEN'S TECHNIQUES

What are the techniques that salesmen use to sell their products? How will an understanding of them help arm the consumer with skepticism and sales resistance? What appeals are made to the consumer's basic needs and motivations? Can the consumer think rationally?

GENERALIZATIONS:

1. Although the vast majority of salesmen and other businessmen are honest, there are unscrupulous people with deceptive appeals from which the consumer must protect himself.

2. Because deception is not necessarily illegal or visible, consumers should take time to analyze all proposals, develop sales resistance, have a healthy skepticism, and seek advice and legal help if needed, before a transaction is entered into.

3. Because it is impossible to control the sales pitches of door to door salesmen, the claims that many of them make are false and misleading. High pressure, even threats and scare tactics, are often used. Salesmen often will not identify themselves as salesmen until it is too late and they are already in the home.

CONCEPTS:

Flattery:

Appeal to a person's ego and self confidence.

No Obligation, Nothing to Buy:

Puts the consumer in an easy, receptive state of mind.

Lucky You!:

Appeals to one's conception of Lady Luck.

Last Chance:

Appeals to one's wishes to make use of the opportunity before it escapes and never can be had again.

Necessity, For the Good of Your Family:

Appeals to one's maternal and need instincts.

Special, Discount, Wholesale, Factory Price, Free Gift:

Appeals to one's desire to get something for less or nothing.

Salesmen Posing as Official Inspectors:

There are salesmen who pose as official inspectors under false identification and badges. If unsure, telephone the proper authority and inquire before letting thementer.

Scare Techniques:

Threats of danger and harm to the family if the product is not bought.

OBJECTIVES:

1. The student will learn why he must develop some sales resistance, healthy skepticism, and critical thinking regarding salesmen and their claims.

2. The student will have a better understanding of his weaknesses and needs that are usually touched upon by salesmen.

SUGGESTED TEACHING STRATEGIES:

1. Role Playing: Have students dramatize and play the roles of a salesman and housewife. Dramatize techniques that salesmen might use. Show the different types of housewives and their reactions. What words do salesmen choose to use? How do they go about selling their products?

2. Show the movie, "Big Con," about a family who are victims of a dishonest door to door salesman. The family eventually loses its homes and belongings and is given another chance with the salesman. The movie is available from DOE Audio-Visual Center.

3. Have students write down "sales pitches" used by salesmen and make a display board.

UNIT THREE LESSON 3: CONTRACTS

Why must I read every sentence of the contract? Do I need to have a copy? Why is my signature so important? Should all blank spaces be filled in? Are oral contracts just as legally binding as written contracts?

GENERALIZATIONS:

1. Contracts should be carefully read and rights and responsibilities understood before signing.

2. Oral contracts have the same legal binding power as written contracts. However, when there is a written contract covering the transaction, oral promises are not binding, and anything promised to the buyer should be written into the contract before the buyer signs.

3. A contract may be entirely legal and still be discriminatroy against the buyer.

4. When a contract is presented to a buyer, it is an "offer". The buyer may wish to make a counter offer. In other words, additions, deletions, or changes may be made upon mutual agreement between the two parties involved, before the contract is signed.

CONCEPTS:

Contract:

An agreement between two people.

Legal Capacity:

Individuals involved must be of legal age and of mental capacity.

Agreement:

What the parties agree to do.

Consideration:

Doing what each party promises to do.

Transfer:

Method of transferring object should be in the contract.

Form:

The law specifies in which form contracts are binding-oral or written.

Legal:

Contract must not be contrary to the law.

Breach of Contract:

Failure of a party of a contract to carry out his part of the agreement.

OBJECTIVES:

1. The student will know his rights and responsibilities under contracts.

2. The student will understand the difference between oral and written agreements.

SUGGESTED TEACHING STRATEGIES:

1. Class Discussion or Assignment: What is a contract? What are the essential features of a contract? Analyze copies of contracts to see if they pass the test. Are all contract enforceable? When should one seek the help of an attorney? What is a breach of contract? Have students make a list of everyday transactions and contracts and analyze.

2. Have students create a bulletin board display illustrating the essential elements of various contracts. Copies of contracts may be obtained and posted with the essential elements underlined.

3. Class Discussion or Assignment: What is minority? Can mirrors enter into legal contracts? What kinds of contracts can they enter into that are legally binding?

4. Class Discussion or Assingment: What is the difference between an oral and a written contract? Are both legally binding? When is it better to have a written contract?

5. Case Examples may be given to illustrate the various concepts involved in contracts. Refer to bibliography.

6. Class Discussion, Assignment, or Role Playing: What are the dangers and lawsuits that may occur from breach of contract and signing before one reads and understands the contract? Why should one be suspicious of salesmen who try to rush you into signing, who do not fill in all the blank spaces, and who do not give you a copy right then? Why should one refuse to deal with them? How are contracts a vehicle of fraud, quackery, and deception? Students may want to dramatize scenes between a salesman and customer in signing a contract. Depict the foolish and the wise consumer.

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The Owl Who Gave a Hoot. Color cartoon. Musical. 15 min. Illustrates the problems of low income families, especially as victims of fraudulent businessmen. Points out why the poor pay more.

UNIT FOUR: CONSUMER LAWS AND SERVICES

INTRODUCTION

Now that students are aware of the many kinds of frauds, quackeries, and deceptions and realize that they are possible victims of such acts, what can be done to remedy these situations? The previous units armed them with various shopping techniques and an attitude of critical thinking and skepticism. This unit explores what the government and private citizens have done and are doing to help provide a good consumer environment.

UNIT FOUR: LESSON 1: LAWS ANDSERVICES WHICH PROTECT THE CONSUMER

What laws protect the consumer from shysters and phony salesmen? Why aren't these people stopped? Who can the public turn to for help? Do consumers have to pay for such services?

GENERALIZATIONS:

1. There are many public and private agencies that seek to help and protect the consumer through investigation, research, legal action, and dissemination of information.

2. Consumer laws are always changing and are not the same throughout the country.

3. The consumer needs to know and invoke many of these laws in order for them to protect him.

4. The consumer can have a hand in making consumer protection laws.

CONCEPTS:

Federal Agencies:

President's Committee on Consumer Interests, Consumer Advisory Council, Special Assistant on Consumer Affairs, Federal Trade Commission, Food & Drug Administration, Interstate Commerce Commission, US Agriculture Department, Chief Postal Inspector, Federal Power Commission, Federal Communications Commission, Department of Justice, Department of Interior, Federal Housing, Regulatory Agencies, Weights and Measure, Department of Labor, Social Security Administration, Public Health Service, Securities and Administration, Public Health Service, Securities and Exchange Commission.

State Agencies:

Office of Consumer Protection which has the legal authority to handle cases themselves and refers consumers to the proper agency. State Ombudsman protects citizens against governmental abuses by state and county agencies.

City and County Agencies:

City and County of Honolulu Information and Complaint Office is the referral and coordinating agency for consumers.

Private Non-Profit Organizations:

Better Business Bureau, Consumers Union, American Council on Consumer Interests, Council for Family Financial Planning, Public Affairs Committee, Consumer Credit Counseling, National Consumers League, Consumers' Research, Inc., Council on Consumer Information, Cooperative League of USA, Legal Aid Socieities.

Professional Associations:

American Medical Association, American Dental Association, American Home Economics Association.

OBJECTIVES:

1. The student will be aware of how federal, state, and private agencies seek to protect consumers.

2. The student will learn which agencies to turn to for help.

3. The student will learn when to seek the help of public and private agencies and an attorney.

4. The student will learn what laws protect him so that ignorance of the law is no excuse.

5. The student will learn which laws must be invoked by the consumer within a short time limit in order to protect him.

6. The student will realize that it may save him a substantial amount of money and difficulty if he seeks legal help of an attorney, legal aid or a consumer protection agency before a transaction.

SUGGESTED TEACHING STRATEGIES:

1. Have students investigate and interview various public and private agencies and report on what types of services and help they render. Are any costs involved? Which ones are the most useful? How are they funded? What kinds of services may be received from each?

2. Have students research what laws protect the consumer. What laws do they already know about? Most laws protect the consumer without his knowledge; why must the consumer know about Consumer Protection Laws in order for them to protect him? State specific examples: 3 day cancellation clause, free gift offers, unsolicited gifts, unlawfulness of bit and switch, false and deceptive advertising, age of majority, etc.

3. Give examples and/or case studies and have the students discuss which agencies to go to for help and why.

4. Have studens discuss how they, as consumers, can have influence in the decision making of government regarding consumer legislation. How can the consumer protection agencies act as spokesmen for the consumer before legislative bodies? In order for legislators to make consumer protection laws they must hear from the consumer about his problems, the frauds he has been victim of, his suggestions, etc.

5. Have a speaker or panel of speakers from various agencies and organizations come to talk to the class. They could talk on the types of services offered, the costs involved, their effectiveness, cases they have handled, suggestions for consumers, and the need for consumer protection.

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UNIT FIVE: CONSUMER RIGHTS ANDRESPONSIBILITIES

INTRODUCTION

This last unit will attempt to summarize and tie together all that the student has been exposed to and has learned. Now that the student is aware of his needs and motivations, how can he rationally budget and spend his money? Now that he is aware of what credit is and the cost of credit, how can he use credit to best benefit him? Now that he is aware of the frauds, quackeries, and deceptions in the marketplace, how can he arm himself against them and help put a stop to them? What is his role as a consumer in society? What are his rights and responsibilities as a consumer?

UNIT FIVE: LESSON 1: THE RIGHTS AND RESPONSIBILITIES OF THE CONSUMER

What is the role of the consumer in society? What are his rights as a consumer? What are his responsibilities as a consumer? Does he have a role in safeguarding the marketplace from fraudulent practices and businessmen? How strong a voice does he have?

GENERALIZATIONS:

1. The consumer has the right to make an intelligent choice among products and services, the right to accurate information, safety, fairness in the marketplace, and the right to register a complaint and to redress grievances.

2. The consumer has the responsibility to understand his role as a consumer in our society, to take an active part, to be informed, to make wise consumer decisions, to accept consequences of consumer decisions, to voice complaints and satisfactions, to participate in activities of voluntary consume. organizations, to be fair in the marketplace, and to behave as a good customer.

CONCEPTS:

Right:

Something to which one has a just claim; power or privilege to which one one is justly entitled (Webster's 7th Collegiate Dictionary).

Responsibility:

The quality or state of being liable, accountable, answerable for, trustworthy (Webster's 7th Collegiate Dictionary).

OBJECTIVES:

1. The student will learn what his rights are and how to protect them.

2. The student will learn what his responsibilities are and take an active part in carrying them out.

3. The student will understand his role as a consumer in society and his importance in the free enterprise system.

SUGGESTED TEACHING STRATEGIES:

1. Post-Test may be given including some of the same elements of the Pre-Test. A discussion evaluating the course may follow. What has the student learned that he did not know at the beginning of the course? Did this course help him at all? What were its good and bad points? Is there a need for such a course? What did the students and teacher think of the course materials and curriculum guide? What other things would they have liked to see included. What could be deleted? What suggestions they have for curriculum materials, teaching strategies, topics, etc.?

2. Class discussion: What the students feel are their rights and responsibilities as consumers. What role do they have as consumers? How can they help prevent fraud, quackery, and deception? How can good consumer practices contribute to a better free enterprise system?

3. Class discussion: What are good customer behaviors? How should one handle store products? How can abuse of credit and exchange and refund privileges result in higher costs to the consumer?

4. Class discussion: How does one go about lodging a complaint? How does one write the facts down? Who does one go to for help?

5. Class discussion: How does a good consumer inform himself? What information does he need to make wise decisions? What magazines and publications will help him?

6. Show movie, "The Owl Who Gave a Hoot". Have students identify fraudulent practices, needs and motivations, financial difficulties, etc. How can they improve the situation? What actions would they take? Who would they go to for help? This movie is available from DOE Audio-Visual Center.

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